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*Nanette S. Edwards*  
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October 9, 2008

**VIA E-FILING AND U.S. MAIL**

Mr. Charles L.A. Terreni  
Chief Clerk/Administrator  
**South Carolina Public Service Commission**  
101 Executive Center Dr., Suite 100  
Columbia, SC 29210

Re: Application of Alpine Utilities, Incorporated ("Alpine") for Adjustment of Rates and Charges for the Provision of Sewer Service and Establishment of Additional Rates and Charges  
**Docket No.: 2008-190-S**

Dear Mr. Terreni:

Attached are Revised Exhibits CLS-1, CLS-2 and CLS-4 to Ms. Seale's Settlement testimony. During the hearing held on September 25, 2008, ORS requested the opportunity to file a late filed exhibit to reflect the addition of those rate case expenses incurred through the date of the hearing and verified by ORS, in conformance with the terms of the Settlement Agreement. The addition of the rate case expenses incurred and verified by ORS, however, do not alter or change the agreed monthly retail rates set forth in the Settlement Agreement.

Additionally, there is a scrivener's error on page 4 at Paragraph 4 of the Settlement Agreement. The figure \$329,244 should be \$329, 224 as reflected in the testimony and exhibits of Ms. Christina L. Seale. I have contacted counsel for the parties to the Settlement Agreement and they have acknowledged that the correct figure is \$329, 224

Thank you for your consideration. Please let me know if you have any questions.

Sincerely,

Nanette S. Edwards

NSE/clm  
Enclosures

cc: Benjamin P. Mustian, Esquire  
John M.S. Hoefler, Esquire  
Richard L. Whitt, Esquire

Alpine Utilities, Inc.  
Docket No. 2008-190-S  
Operating Experience and Operating Margin  
For the Test Year Ended December 31, 2007

	(1)	(2)	(3)	(4)	(5)
	Application Per Books	ORS's Proposed Accounting & Pro forma Adjustments	After ORS's Proposed Accounting & Pro forma Adjustments	Settlement Proposed Increase	After Settlement Proposed Increase
<b><u>Operating Revenues</u></b>					
Sewer Service - Residential	\$ 124,200	\$ 756 (A)	\$ 124,956	\$ 35,442 (V)	\$ 160,398
Sewer Service - Commercial	1,164,906	32,112 (B)	1,197,018	292,371 (W)	1,489,389
Adjustments	(4,187)	339 (C)	(3,848)	0 (X)	(3,848)
Late Charges	5,694	0	5,694	1,411 (Y)	7,105
Vacancies	(7,890)	7,890 (D)	0	0 (Z)	0
Miscellaneous Income	0	2,141 (E)	2,141	0	2,141
<b><u>Total Operating Revenues</u></b>	<b>\$ 1,282,723</b>	<b>\$ 43,238</b>	<b>\$ 1,325,961</b>	<b>\$ 329,224</b>	<b>\$ 1,655,185</b>
<b><u>Operating Expenses</u></b>					
Power Purchased for Pumping	\$ 72,002	\$ (2,208) (F)	\$ 69,794	\$ 0	\$ 69,794
Treatment and Disposal	771,550	(186,596) (G)	584,954	0	584,954
Salaries and Benefits	273,961	(66,466) (H)	207,495	0	207,495
Building and Equipment Rental	10,231	3,864 (I)	14,095	0	14,095
Administrative Materials & Supplies	15,321	(5,953) (J)	9,368	0	9,368
Contractual Services	94,958	(44,585) (K)	50,373	0	50,373
Insurance	15,091	(3,725) (L)	11,366	0	11,366
Miscellaneous	11,833	(5,855) (M)	5,978	0	5,978
Depreciation	26,935	(4,716) (N)	22,219	0	22,219
Rate Case	16,925	23,386 (O)	40,311	0 (AA)	40,311
Taxes Other Than Income	45,041	(12,438) (P)	32,603	2,442 (AB)	35,045
Income Taxes (State and Federal)	0	92,190 (Q)	92,190	126,333 (AC)	218,523
<b><u>Total Operating Expenses</u></b>	<b>\$ 1,353,848</b>	<b>\$ (213,102)</b>	<b>\$ 1,140,746</b>	<b>\$ 128,775</b>	<b>\$ 1,269,521</b>
<b><u>Net Operating Income (Loss)</u></b>	<b>\$ (71,125)</b>	<b>\$ 256,340</b>	<b>\$ 185,215</b>	<b>\$ 200,449</b>	<b>\$ 385,664</b>
Add: Customer Growth	\$ 0	\$ 283 (R)	\$ 283	\$ 306 (AD)	\$ 589
Add: Miscellaneous Income	11,814	(11,814) (S)	0	0	0
Add: Tap Fees	24,241	(24,241) (T)	0	0	0
Less: Interest Expense	16,550	1,784 (U)	18,334	0	18,334
<b><u>Total Income (Loss) for Return</u></b>	<b>\$ (51,620)</b>	<b>\$ 218,784</b>	<b>\$ 167,164</b>	<b>\$ 200,755</b>	<b>\$ 367,919</b>
<b><u>Operating Margin</u></b>	<b>-4.02%</b>		<b>12.61%</b>		<b>22.23%</b>

Alpine Utilities, Inc.  
Docket No. 2008-190-S  
Explanation of Adjustments  
For the Test Year Ended December 31, 2007

Revenues and Expenses	Adj.#	Description	\$ Settlement	\$ Application
<b><u>ORS's Proposed Accounting and Pro forma Adjustments</u></b>				
(A) Sewer Service - Residential	1	To adjust residential sewer revenues to reflect actual customer units.	756	0
(B) Sewer Service - Commercial	2	To adjust commercial sewer revenues to reflect actual customer units.	32,112	0
(C) Adjustments	3	To correct Adjustments to reflect actual test year amounts.	339	0
(D) Vacancies	4	To remove revenues associated with vacancies recorded by the utility in the test year.	7,890	0
(E) Miscellaneous Income	5	To reclassify as miscellaneous income in total operating revenues.	2,141	0
(F) Power Purchased for Pumping	6	ORS does not propose to adjust fuel costs for estimated increases.	0	3,600
	7	To remove electric bills paid for Woodland's customers.	(2,208)	0
		Total Power Purchased for Pumping Adjustment	(2,208)	3,600
(G) Treatment and Disposal	8	ORS does not propose to adjust materials & supplies costs for estimated increases.	0	17,126
	9	To remove nonrecurring lease payments of the old belt press. Alpine purchased a new one which is included in plant-in-service.	(138,000)	(113,000)
	10	To remove and capitalize plant-in-service expenditures expensed in the test year.	(32,719)	0
	11	To remove expenses for services received outside the test year.	(15,722)	0
	12	To remove Alpine's affiliates' portion of the shared security system expense.	(155)	0
		Total Treatment and Disposal Adjustment	(186,596)	(95,874)
(H) Salaries and Benefits	13	To adjust salaries to reflect Alpine's allocated portion of merit bonuses and salaries for current employees.	(69,682)	(30,213)
	14	To adjust employee benefits to reflect Alpine's allocated portion of employee benefits for current employees.	3,216	4,476
		Total Salaries and Benefits Adjustment	(66,466)	(25,737)
(I) Building and Equipment Rental	15	To adjust office rent for an increase in space and to remove Alpine's affiliates' portion of rent for the shared office.	4,525	202
	16	To remove nonallowable expenses and to remove Alpine's affiliates' portion of rent for the shared equipment.	(661)	0
		Total Building and Equipment Rental Adjustment	3,864	202
(J) Administrative Materials & Supplies	17	To remove and capitalize office furniture expenditures expensed in the test year.	(624)	0

Alpine Utilities, Inc.  
Docket No. 2008-190-S  
Explanation of Adjustments  
For the Test Year Ended December 31, 2007

Revenues and Expenses	Adj.#	Description	\$ Settlement	\$ Application
<b><u>ORS's Proposed Accounting and Pro forma Adjustments (Continued)</u></b>				
(J) Administrative Materials & Supplies (Continued)	18	To remove nonallowable expenses and Alpine's affiliates' portion of shared office expenses.	(5,329)	0
		Total Administrative Materials & Supplies Adjustment	<u>(5,953)</u>	<u>0</u>
(K) Contractual Services	19	To reclassify rate case expenses, remove non-regulatory legal expenses and amortize non-recurring legal expenses over a five-year period.	<u>(44,585)</u>	<u>0</u>
(L) Insurance	20	To adjust insurance associated with the vehicles on the depreciation schedule and to remove Alpine's affiliates' portion of insurance covering shared items.	<u>(3,725)</u>	<u>0</u>
(M) Miscellaneous	21	To remove nonallowable and nonrecurring expenses and Alpine's affiliates' portion of shared miscellaneous expenses.	<u>(5,855)</u>	<u>0</u>
(N) Depreciation	22	To adjust depreciation on all plant in service which includes capital expenditures, replaced assets and CIAC identified by ORS.	<u>(4,716)</u>	<u>5,624</u>
(O) Rate Case	23	To amortize rate case expenses, including expenses reclassified from Adjustment 19, of \$120,932 over a three-year period.	<u>23,386</u>	<u>0</u>
(P) Taxes Other Than Income	24	To adjust payroll taxes associated with the adjusted salaries.	(6,527)	(6,296)
	25	To adjust the gross receipts taxes associated with the revenues after ORS's accounting and pro forma adjustments.	(3,938)	0
	26	To adjust property taxes associated with vehicles on the depreciation schedule and to remove Alpine's affiliates' portion of property taxes on the shared assets.	(1,973)	0
		Total Taxes Other Than Income Adjustment	<u>(12,438)</u>	<u>(6,296)</u>
(Q) Income Taxes (State and Federal)	27	To adjust income taxes associated with ORS's accounting and pro forma adjustments.	<u>92,190</u>	<u>8,228</u>
(R) Customer Growth	28	To calculate customer growth using net income after ORS's accounting and pro forma adjustments.	<u>283</u>	<u>0</u>
(S) Miscellaneous Income	29	To remove miscellaneous revenues and reclassify \$2,141 to operating revenues in Adjustment 5.	<u>(11,814)</u>	<u>(11,814)</u>
(T) Tap Fees	30	To remove tap fees from revenues and include in CIAC.	<u>(24,241)</u>	<u>(24,241)</u>
(U) Interest Expense	31	To synchronize interest expense with the Company's assets.	<u>1,784</u>	<u>(8,275)</u>
<b><u>Settlement Proposed Increase</u></b>				
(V) Sewer Service - Residential	32	To adjust the applicant's residential sewer revenues to reflect actual customer units.	<u>35,442</u>	<u>138,216</u>
(W) Sewer Service - Commercial	33	To adjust the applicant's commercial sewer revenues to reflect actual customer units.	<u>292,371</u>	<u>1,233,873</u>
(X) Adjustments	34	ORS does not propose an adjustment using the proposed rate increase.	<u>0</u>	<u>4,187</u>

Alpine Utilities, Inc.  
Docket No. 2008-190-S  
Explanation of Adjustments  
For the Test Year Ended December 31, 2007

Revenues and Expenses	Adj.#	Description	\$ Settlement	\$ Application
<b><u>Settlement Proposed Increase (Continued)</u></b>				
(Y) Late Charges	35	To adjust late charges to reflect the actual test year customers using the proposed rate increase.	1,411	(5,694)
(Z) Vacancies	36	ORS proposes its adjustment above in Adjustment 4.	0	7,890
(AA) Rate Case	37	ORS proposes its adjustment above in Adjustment 23.	0	16,408
(AB) Taxes Other Than Income	38	To adjust gross receipts taxes associated with the applicant's proposed rate increase.	2,442	0
(AC) Income Taxes (State & Federal)	39	To adjust income taxes associated with the applicant's proposed rate increase.	126,333	539,021
(AD) Customer Growth	40	To adjust customer growth associated with the applicant's proposed increase.	306	0

Alpine Utilities, Inc.  
Docket No. 2008-190-S  
Computation of Income Taxes  
For the Test Year Ended December 31, 2007

	<u>After Accounting and Pro forma Adjustments</u>	<u>After Settlement Proposed Increase</u>
Total Operating Revenues	\$ 1,325,961	\$ 1,655,185
Less: Operating Expenses	(1,048,556)	(1,050,998)
Less: Interest Expense	<u>(18,334)</u>	<u>(18,334)</u>
State Taxable Income	259,071	585,853
Less: State Income Taxes @ 5%	<u>(12,954)</u>	<u>(29,293)</u>
Federal Taxable Income	246,117	556,560
Federal Income Taxes:		
1st \$50,000 @ 15%	7,500	7,500
Next \$25,000 @ 25%	6,250	6,250
Next \$25,000 @ 34%	8,500	8,500
Next \$235,000 @ 39%	56,986	91,650
Remaining Balance @ 34%	<u>0</u>	<u>75,330</u>
Total Federal Income Taxes	79,236	189,230
Total State and Federal Income Taxes	92,190	218,523
Less: Income Taxes after ORS's Proposed Accounting and Pro Forma Adjustments		<u>(92,190)</u>
<b>ORS's Income Taxes (State and Federal) Adjustment</b>	<b><u>\$ 92,190</u></b>	<b><u>\$ 126,333</u></b>